

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOTE-00 INR-11 NSAE-00 RSC-01 FAA-00 IO-14 SS-20

NSC-07 L-03 H-03 /105 R

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CAB - A. STOUT

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P 141925Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY HELSINKI PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, US, FI

SUBJECT: CIVAIR - FINNAIR OPPOSITION TO CHARTER FLOOR

REF : (A) HELSINKI 1545 (B) HELSINKI 1589

1. PER AMBASSADOR'S SCHEDULED TALKS WITH MR. KORHONEN, FOLLOWING IS GUIDANCE ON U.S. POLICY ON INTERNATIONAL AIR RATES AND FARES ON THE NORTH ATLANTIC DISCUSSED AT MONTREUX AND FORT LAUDERDALE.

2. U.S. REGARDS CURRENT EFFORTS OF SCHEDULED AND CHARTERED AIRLINES OPERATING NORTH ATLANTIC TO REVISE SCHEDULED FARES AND CHARTER RATES AS ESSENTIAL TO THE SHORT AND LONG-TERM ECONOMIC WELL-BEING OF ALL THE CARRIERS. FARES AND RATES MUST REFLECT UNDERLYING COSTS OF SERVICE WHICH HAVE RISEN VERY SUBSTANTIALLY DUE TO FUEL PRICE INCREASES AND GENERAL INFLATION. U.S. PRELIMINARY VIEW IS THAT FARE AND CHARTER RATE STRUCTURES DEVELOPED AT FORT LAUDERDALE AND MONTREUX ARE FULLY JUSTIFIED BY CURRENT COST LEVELS. MONTREUX MEETING ON CHARTER RATES HAS BEEN RECESSED UNTIL EARLY

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SEPTEMBER.

3. WE UNDERSTAND CONFEREES WERE WILLING TO MAKE SOME EXCEPTION TO GENERAL LEVEL OF WESTBOUND MINIMUM CHARTER RATES TO ACCOMMODATE FINNAIR ALTHOUGH EXACT DETAILS OF PROPOSAL UNKNOWN TO U.S. U.S. HAS NO OBJECTION TO THIS APPROACH IN PRINCIPLE, PROVIDED EXCEPTION DOES NOT

EFFECTIVELY IMPAIR RATE STRUCTURE TO OTHER POINTS. U.S. WOULD HAVE SERIOUS PROBLEMS WITH ALTERNATIVE FINNISH PROPOSAL TO ESTABLISH SUBSTANDARD GROUP AFFINITY FARES FROM FINLAND.

4. IT MIGHT BE USEFUL TO INQUIRE RE FINNISH VIEWS ON EXCEPTION NOTED ABOVE WHICH REPORTEDLY WAS DISCUSSED AT MONTREUX AND REPORT RESULTS TO DEPT/CAB. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLEMENTAL AIRLINES, AIR FARES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE177814
Document Source: CORE
Document Unique ID: 00
Drafter: JCOOK:JO
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740223-0638
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740847/aaaabogr.tel
Line Count: 76
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) HELSINKI 1545 (B) HELSINKI 1589
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 17 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 APR 2002 by martinml>; APPROVED <25-Sep-2002 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - FINNAIR OPPOSITION TO CHARTER FLOOR
TAGS: EAIR, US, FI, FINNAIR
To: HELSINKI
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005